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OPTION TO PURCHASE
CONDOMINIUM
AND OPTION TO "PUT"



Doc#: 0411031005
Eugene "Gene" Moore Fee: \$48.50
Cook County Recorder of Deeds
Date: 04/19/2004 09:08 AM Pg: 1 of 13

FOR AND IN CONSIDERATION of the sum of Ten Dollars (\$10.00), and other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, the undersigned (hereinafter referred to as "Owner"), does hereby sell and grant to Marsha Azar and her nominees and assignees (hereinafter referred to as "Optionee"), the exclusive and irrevocable right and option (the "Option") to purchase Condominium Unit #103 Rouge Garden Residences in Phase 1 of the Rainbo Village Condominium Development located at 4838 N. Clark St., Chicago, IL (or another equivalent unit) which is currently under development (the "Real Estate"), as hereinafter provided.

1. **Option Term.** The term of this Option shall be for a period commencing on the date hereof and expiring on that date which is the last day of the fourth (4th) month following the date of the issuance of a certificate of occupancy for the Real Estate.

2. Intentionally Blank.

3. **Purchase Price of Real Estate.** Upon exercise of the Option as set forth in Paragraph 8 below, the purchase price of the Real Estate shall be the sum of (\$450,000.00) (the "Real Estate Purchase Price").

4. **Delivery of the Real Estate.** At the closing of the purchase of the Real Estate, the building in which the condominium unit is located and the condominium unit shall be fully constructed, subject only to "punch list" items noted during a final walk-through within seven (7) days prior to closing. All punch list items shall be completed by Owner within thirty (30) days of closing at Owner's expense.

5. Intentionally Blank.

6. Intentionally Blank.

7. **Title and Survey.**

7.1 Within thirty (30) days prior to closing of the purchase of the Real Estate, Owner shall furnish to Optionee a commitment for an owner's policy of title insurance issued by First American Title Insurance Company or other title company mutually acceptable to Optionee, together with certified copies of all instruments referred to therein as exceptions. Such commitment must contain

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no exceptions which will adversely affect Optionee's intended use of the Real Estate, with extended coverage and with the following endorsements: condominium, zoning, survey accuracy and, restrictive covenants.

7.2 Optionee shall have a period of fourteen (14) business days after receipt of the title commitment to notify Owner in writing of any title objections or further requirements. Owner then shall have a period of fourteen (14) days after receipt of such notice from Optionee in which to correct any such objections to title and satisfy any further title and survey requirements of Optionee.

7.3 If Owner is unable to correct Optionee's title and survey objections and satisfy Optionee's further title requirements within the time allowed after receipt of written notice thereof or if is otherwise unable to deliver the Real Estate as required herein, then, notwithstanding anything in this agreement to the contrary, Optionee shall have the right at any time, at its election, to cancel and terminate this agreement, its obligation to purchase the Real Estate, and to receive payment of the entire amount due under the Promissory Note of even date herewith ("Promissory Note"). Once Owner has cured all of Optionee's obligations to the status of title or otherwise, or if Optionee has elected to waive some or all of Owner's obligations hereunder, then those exceptions to title or otherwise which Optionee has accepted or waived shall become the "Permitted Exceptions" for the purposes of this Agreement.

8. Exercise of Option and Notices.

8.1 This Option shall be deemed validly and effectively exercised upon written notice of the exercise hereof to Owner at any time prior to, or within three (3) business days of the expiration date of the Option, or any extension thereof.

8.2 All notices required to be given by either party to the other hereunder shall be deemed to have been given (i) when served personally, (ii) 1 business day after being sent by Federal Express or other national overnight carrier with guaranteed next-day delivery, or (iii) 1 business day after being mailed by the United State certified mail, return receipt requested, postage prepaid. If addressed to Owner such notice shall be sent to DCL Development, LLC, 7855 Gross Pointe Road, Suite A-1, Skokie, IL 60077 and if addressed to Optionee such notice shall be sent to Marsha Azar, 5653 N. Ashland Ave., Chicago, IL 60660 with a copy to Donald F. Engel, 320 W. Ohio St., Suite 501, Chicago, Illinois 60610, or to such other address furnished by either party to the other in writing at any time and from time to time for such notice purposes.

8.3 In the event that Optionee fails to exercise the Option as set forth above, and within the time period as set forth above, then this Option shall be deemed to have expired and to be of no further force and effect and all rights and obligations of either party to the other under this Option Agreement shall expire; provided, however, the expiration of this Option shall in no way affect the obligations of Maker under the Promissory Note or the obligations of the Guarantors thereof.

9. Assignment. Optionee may assign this Option by one or more successive assignments, either before or after the exercise of this Option. Upon any such assignment, the assignee shall have all the rights and obligations of Optionee hereunder, and Optionee shall thereupon, automatically and without the execution of further instruments or documents, be relieved

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and released of and from all of such obligations hereunder. Optionee also may designate a nominee to take title to the Real Estate at closing.

10. **Remedies.** In the event Optionee exercises this Option and Owner fails to perform its obligations hereunder upon closing or if Owner otherwise defaults hereunder, Optionee shall be entitled to pursue all remedies available to it at law or in equity.

11. **Non-Waiver.** No delay, forbearance or neglect by Optionee in the enforcement of any of the conditions of this Option or any of Optionee's rights or remedies hereunder shall constitute or be construed as a waiver thereof. No waiver of any of the conditions of this agreement by Optionee shall be effective unless expressly and affirmatively made and given by Optionee in writing.

12. **Authority of the Company.** The undersigned persons executing and delivering this option on behalf of the Owner represent and certify that they are the duly elected officers of Owner and have been fully empowered, by proper resolution of the managers of Owner to grant, execute and deliver this Option to Optionee that Owner has full corporate capacity to grant, execute and deliver this option to Optionee and that all necessary actions for the granting of this option have been duly taken and done by Owner.

13. **Owner's Representations, Warranties and Covenants.** Owner represents to Optionee, which representations and warranties shall be true as of the date hereof and as of the closing of the purchase of the Real Estate following execution of this Option, that:

(a) Owner has no knowledge of the existence of any hazardous or toxic material, as such terms are defined under applicable local, state or federal laws and regulations, on the surface or in the subsurface of the Real Estate or in any surface waters or ground waters on or under the Real Estate, nor has Owner deposited or permitted the deposit of any such hazardous or toxic materials in or on the Real Estate or the surface or ground waters thereof;

(b) Intentionally Blank.

(c) Intentionally Blank.

(d) Neither Owner nor any subsidiary or affiliate of Owner has granted to another party any right of first refusal or option to acquire fee title to the Real Estate or any part thereof or interest therein.

(e) Owner is the legal, fee simple title holder of the Property with good, marketable and insurable title to the Property, and with full authority to convey the Property.

The above representations shall be remade in the Contract, as defined below, shall survive the closing and remain in full force and effect for the maximum period provided by law.

14. **Real Estate Contract.** Upon exercise of the Option the parties shall enter into the Rainbo Village Condominium Sales Contract in the form attached hereto as Exhibit A(the "Contract").

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15. **Attorneys Fees.** Owner shall pay all of Optionee's attorney's fees incurred in connection with this transaction, the Promissory Note, or those incurred by Optionee in enforcing any of its rights in connection therewith.

16. **Successors and Assigns.** This Option shall be binding upon and shall inure to the benefit of Owner and Optionee and their respective successors and assigns.

17. **Option To "Put" Real Estate Back to Owner.** If Optionee has duly exercised this Option and purchased the Real Estate as herein provided, then, commencing on the date Optionee acquired title to the Real Estate and for the four (4) months immediately thereafter (the "Put Period"), Optionee shall have the right to "put" the Real Estate to Owner, *i.e.*, require Owner to repurchase the Real Estate (the "Put"), as follows:

a. Optionee shall, within the Put Period, send written notice to Owner of her intent to Put the Real Estate to Owner.

b. Upon delivery of such written notice, Owner shall become irrevocable and unconditionally obligated (except as provided below) to repurchase the Real Estate from Optionee at a price of \$550,000.00 less interest previously paid on the Promissory Note (the "Repurchase Price").

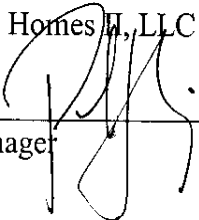
c. At the closing of the repurchase of the Real Estate, Optionee shall deliver title to the Real Estate free of encumbrances except for general exceptions in the standard title policy of Ticor Title Insurance Company relating to condominiums and other exceptions relating to real estate taxes, condominium and other assessments not then due and payable, conditions and restrictions of record, and any other liens, claims, encumbrances or conditions created by Owner, any of its agents, members, managers, interest holders, successors or assigns. Title to the Real Estate shall be delivered by Quit Claim Deed.

d. Owner shall close the repurchase of the Real Estate and pay the Repurchase Price within sixty (60) days of the date Optionee notifies Owner of its intent to Put.

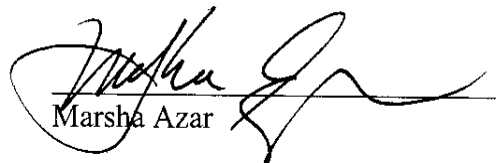
In Witness Whereof, the parties have set their hands as of the 9 day of March, 2004.

OWNER:
Rainbo Homes II, LLC

By: _____
Its Manager



OPTIONEE:



Marsha Azar

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LEGAL DESCRIPTION RIDER

For the premises commonly known as 4838 N. Clark St., Chicago, IL

Parcel 1:

Lots 2,3,4,5,6,7 and 8 in Block 1 in Keeney's addition to Ravenswood, a subdivision of part of the southeast ¼ of the southeast ¼ of Section 7 and part of the southwest ¼ of the southwest ¼ of Section 8, Township 40 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Parcel 2: The west 107 feet of Lot 1 in Block 1 in Keeney's addition to Ravenswood in the West ½ of the southwest ¼ of Section 8, Township 40 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

The west 107 feet of Lot 10 in Block 1 in Ingledew's addition to Ravenswood in the west ½ of the southwest ¼ of Section 8, Township 40 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Permanent Index Number(s): 14-08-315-036, 037, 038, 039, 044, 046

Property of Cook County Clerk's Office

MAIL TO

DONALD F. EWSEL
320 W OLIVE ST. SUITE 501

CHICAGO IL
60610

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The Rainbo Village Residences at Rouge Gardens CONDOMINIUM SALES CONTRACT

SELLER: Rainbo Homes II, LLC
 Address: 7855 Gross Point Road, Suite A-1
 Skokie, Illinois 60077
 Phone/Fax: (847) 673-6164 / (847) 673-6396

BUYER: Full Name: Marsha Azar _____
 Current Address: _____

 Home Phone: _____
 Work Phone: _____

1. **OWNERSHIP:** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the premises consisting of Dwelling Unit # **103 at Rouge Gardens**, and shall have the right to purchase one Parking Space for **\$25,000** (the "Premises") located at Phase I - Rouge Gardens of the Rainbo Village Development at 4836 N. Clark Street in Chicago, IL, and together with its undivided percentage interest in the Common Elements of the parcel and improvements thereon, which percentage(s) is/are set forth in the Declaration of Condominium for The Rainbo Village Condominiums (the "Declaration"). Exact location of the Parking Space will be determined upon the release of the final floor plans.

2. **DESCRIPTION OF REAL ESTATE:** The parcel on which all condominium units of Phase I at The Rainbo Village Condominiums (the "Condominium") are located, is described on Exhibit "A" attached hereto and incorporated by reference herein.

3. **PURCHASE PRICE AND TERMS:** The "Base Purchase Price" for the Dwelling Unit referenced in Paragraph 1 above shall be **\$450,000**. The price for any 1 Parking Unit(s) # **space number to be determined** (the "Additional Parking Price") shall be \$25,000. The Purchase Price shall be **\$ 475,000** and is the sum of the Purchase Price and the Additional Parking Price. The Purchase Price shall be payable as follows:

(a) initial earnest money in the amount of \$1,000.00 contemporaneously with the execution of this Contract, the receipt of which is acknowledged;

(b) an additional \$ _____ of the Purchase Price upon notice from Seller shall be due collectively the "Earnest Money", to be held in a segregated escrow account for the mutual benefit of the parties; and

(c) the balance of the Purchase Price, plus or minus prorations and closing costs, on the Closing Date (as hereinafter defined) by certified or cashier's check.

Buyer shall receive a credit or check on the Closing Date for interest on the amount of the Earnest Money as required by the Illinois Condominium Property Act (the "Act"), except in the case of Buyer's default.

4. **PERSONAL PROPERTY:** (a) The Purchase Price (as hereinafter defined) includes the appliances, fixtures and personal property identified on Exhibit B attached hereto and incorporated herein. At Closing, Seller shall deliver a Bill of Sale transferring the Personal Property and shall cause to deliver to Buyer, without recourse, all manufacturers', installers' or suppliers' warranties, if any, covering the Personal Property. SELLER NEITHER MAKES NOR ADOPTS ANY WARRANTY OF ANY KIND REGARDING SUCH PERSONAL PROPERTY AND ANY CONSUMER PRODUCT (AS THAT TERM MAY BE DEFINED UNDER APPLICABLE FEDERAL AND STATE LAWS) WHICH MAY BE CONTAINED IN THE PREMISES, AND SELLER SPECIFICALLY EXCLUDES AND DISCLAIMS EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY FOR A PARTICULAR PURPOSE.

(b) The furnishings, floor and wall coverings, and all personal property located in any model unit in the Condominium are for display purposes only and are not included in the Unit or the Purchase Price unless specifically included in Buyer's upgrade, extra or change orders ("Extras" or "Change Order(s)" as hereinafter defined) or in the plans and specifications available for review at the Seller's place of business (the "Plans").

5. **MORTGAGE CONTINGENCY:** (a) This Contract is contingent upon the ability of Buyer to procure within thirty (30) days after the Acceptance Date, a mortgage commitment for \$ _____ bearing interest and points or loan commissions at the prevailing market rates. Buyer's election to pay any fees to guarantee a mortgage rate for a particular time period is done entirely at Buyer's risk. Seller shall not be responsible for any loss of a guaranteed interest rate resulting from a change in the Estimated Date of Substantial Completion (as hereinafter defined). Buyer shall pay all of the lender's customary credit, appraisal, mortgage insurance and closing costs.

EXHIBIT A

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(b) Buyer agrees that he will promptly apply for such mortgage loan, furnish all necessary information, and execute all necessary documents including any application and any and all documents necessary for the completion of an application for a first mortgage on the Premises, in the form required by the lender, together with all instruments which reasonably may be required to complete and make the loan fully merchantable in all respects. If, after making every reasonable effort, Buyer is unable to procure such commitment within the number of days specified in paragraph 5(a) above and so notifies Seller thereof in writing within that time, this Contract shall be null and void and the Earnest Money shall be returned to Buyer, provided that if Seller, at its option, within sixty (60) days following Buyer's notice, procures for Buyer such a commitment or notifies Buyer that Seller will accept a purchase money mortgage, this Contract shall remain in full force and effect. Buyer agrees to cooperate with Seller or such lender or lenders designated by Seller in the event Seller exercises the option described above, to the same extent as Buyer is required to cooperate with the lender to which Buyer first applied. If Buyer fails to properly notify Seller in writing of Buyer's inability to procure such a commitment within time limit provided herein, Buyer shall be deemed to have waived this Mortgage Contingency, this Contract shall remain in full force and effect, and Seller shall conclusively presume that Buyer has secured mortgage financing or will purchase the Premises without mortgage financing.

6. **TITLE AND CONVEYANCE:** (a) Prior to delivery of the Deed hereunder, Seller shall cause the Declaration to be recorded in the Office of the Recorder of Deeds of Cook County, Illinois, in form herewith delivered to Buyer, with such amendments and add-ons as may be permitted by the Declaration and the Act. Buyer agrees that she/he personally assumes the obligations appurtenant to her/his Unit under the Declaration providing for the maintenance and upkeep of the Condominium from and after the Closing Date.

(b) On the Closing Date (as hereinafter defined), Seller shall convey or cause to be conveyed to Buyer, by Special Warranty Deed (the "Deed"), title to the Premises, subject only to: (1) real estate taxes not yet due and payable; (2) special taxes or assessments for improvements not completed and other assessments or installments thereof not due and payable at the time of closing; (3) applicable zoning and building laws or ordinances; (4) encroachments, utility easements, covenants, conditions, restrictions, public and private easements, and agreements of record, provided none of the foregoing materially affect Buyer's quiet use and enjoyment of the Premises as a residential condominium; (5) the Declaration and all amendments and exhibits thereto; (6) the provisions of the Act; (7) acts done or suffered by Buyer, or anyone claiming, by, through, or under Buyer; (8) liens, encumbrances and other matters as to which the Title Insurer (as hereinafter defined) commits to insure Buyer against loss or damage; and (9) the Buyer's mortgage and related security documents, if any (collectively, the "Permitted Exceptions").

(c) If Buyer consists of more than one person, title to the Premises shall be conveyed to said persons as joint tenants with rights of survivorship, and not as tenants in common or tenants by the entirety, unless Buyer shall otherwise direct Seller in writing no more than fourteen (14) days prior to the Closing Date (as hereinafter defined). If Buyer intends to hold title to the Unit in an Illinois Land Trust, or any other title-holding entity, then Buyer shall notify Seller no more than fourteen (14) days prior to the Closing Date.

7. **PRORATIONS:** (a) Real estate taxes, maintenance charges, insurance premiums and any other items customarily prorated are to be adjusted as of the Closing Date. Seller shall pay all real estate taxes for the year preceding the filing of the Declaration on or before the due date.

(b) If the Closing occurs in the year in which the Declaration is recorded and prior to the deadline set by the Cook County Assessor, then real estate taxes for such year shall be prorated on the basis of the last ascertainable real estate tax bill. If the last ascertainable real estate tax bill is assessed against the entire parcel (which may be a part of a larger tax parcel), the tax on the Premises shall be computed by multiplying the last ascertainable real estate tax bill by the percentage interest allocated to the Rainbo Village Phase II Condominiums (the "Condominium's Portion") and then multiplying the Condominium's Portion by the percentage ownership interest in the Common Elements appurtenant to the Premises. On the Closing Date, Seller shall pay its estimated share of real estate taxes attributable to the Premises, representing the period from January 1 to the Closing Date, into a segregated account ("Tax Account") for payment of real estate taxes when due. On the Closing Date, Buyer shall pay its estimated share of real estate taxes attributable to the Premises, representing the period from the day after the Closing Date to December 31, into the Tax Account for payment of real estate taxes when due. Buyer and Seller agree to re-prorate the real estate taxes for the year of closing upon the issuance of the actual real estate tax bill. Buyer agrees to remit any additional amounts that may be required pursuant to this re-proration not later than the date indicated in a notice. This re-proration shall be made by separating the total tax bill for the year being prorated (or the portion thereof attributable to the assessed valuation of the improvements). The amount of the land portion of the bill shall be the assessed value of the Premises' interest in the land, as reflected in the records of the Cook County Assessor. To the extent possible to determine from the Cook County Assessor's records, the building portion of the bill shall be allocated to the vacant building and improved building. This allocation shall recognize that the building was under construction for the entire period of the year being prorated up to the date of this Closing and that the Premises was uninhabited. To the extent that this allocation information is not available or not determined from the Cook County Assessor's records, then a straight re-proration shall occur between the parties. Any real estate taxes due for the year prior to closing will be paid by Seller through the Tax Account, or a similar account created for that purpose which may be held by the Seller or by the Title Insurer.

(c) For closings which occur in any year after the year the Declaration was filed, taxes for such year will also be prorated based on the amount of the most recent ascertainable taxes. The Seller's share from January 1 to the Closing Date will be credited to the Buyer at Closing as a final, non-reprorated, real estate tax credit.

(d) The parties further agree that the first year's hazard and liability insurance will be procured by Seller, and Buyer shall reimburse Seller for Buyers' proportionate share of the premium prorated from the Closing Date to the policy anniversary date. All prorations at Closing, except as set forth above in subparagraph (b), shall be final.

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8. **DEFAULTS:** A failure to appear at the time and place stated in the notice of the Closing Date, a failure to furnish all requested credit information and to sign customary papers relating to the application and securing of a mortgage commitment pursuant to paragraph 5, a failure to pay any amounts due hereunder (including earnest money and deposit(s) which may be required for extras), a failure to enter into, execute and deliver customary closing documents, or Buyer's failure to perform any obligation of Buyer required under the Contract (and any supplemental written agreements made a part of the Contract) shall be an event of Buyer's default. In the event of Buyer's default, the Earnest Money, together with amounts paid or due pursuant to paragraph 17 hereof, shall be retained or collected by Seller as liquidated damages. In the event Seller shall fail or be unable to deliver title to the Premises as herein provided on account of title defects which the Seller cannot remove and Buyer is unwilling to waive, this Contract shall be terminated and the Earnest Money shall be returned forthwith to the Buyer. Return of all Buyer's funds shall be Buyer's sole and exclusive remedy in the event of any form of Seller's default under this real estate contract. UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES.

10. **CLOSING DATE; TITLE INSURANCE; POSSESSION:** (a) The Closing Date shall be on such date following Substantial Completion (as hereinafter defined) of the Unit as shall be designated by Seller or its agent upon not less than fourteen (14) days prior written notice to the Buyer or upon such earlier date as may be agreed upon by Buyer and Seller (the "Closing" or "Closing Date"). The Unit will be in a habitable condition, excluding touch up or minor adjustments. It is estimated that the Unit will be substantially completed by December 2005, subject to extension for delays attributable to war, acts of God, riots, civil commotion, governmental regulation, strikes, labor or material shortage, theft, vandalism, fire or other casualty (except as may be provided in this Contract), unanticipated utility relocation or delays in the installation of new utility service, laws, regulations or governmental policies or acts, delays in issuance of approved plans or permits, unseasonable weather conditions, or other causes beyond the control of Seller (collectively: "**Force Majeure**"). The Closing Date shall not be delayed by reason of punch list items.

(b) This transaction shall be closed through an escrow or agency closing to be established with Mercury Title Company, LLC, an agent for Chicago Title Insurance Company, or any other title insurance company licensed to conduct business in Illinois (the "Title Insurer") in accordance with the general provisions of the usual forms(s) of lender's escrow or agency agreements, as the case may be, then furnished and in use by the Title Insurer (provided Buyer is obtaining a mortgage loan), otherwise through a Deed and Money Escrow closing at the office of the Title Insurer. Seller shall provide, at its cost, an owner's title insurance policy issued by the Title Insurer with extended coverage over all general exceptions in the full amount of the purchase price, subject only to the matters set forth in Paragraph 6(b) herein and Buyer's mortgage, Trust Deed, or other security documents. Seller shall pay all charges normally attributable to sellers, including the cost of the owner's title insurance policy, and State and County transfer stamps. Buyer shall pay all charges normally attributable to purchasers, including, without limitation, municipal transfer stamps, deed and mortgage recording charges, the cost of the lender's title insurance policy, if any, and all costs of the agency or escrow closing. In the event the Closing is completed through a Deed and Money escrow (cash, with no lender), Buyer and Seller agree to equally share the fee for said Deed and Money escrow.

(c) If final payment of the Purchase Price has been made, Buyer shall be entitled to possession of the Premises from and after the Closing Date, subject to Seller's right to enter the Premises to complete the Punch List (as hereinafter defined). Prior to Closing, Seller shall have sole control and exclusive possession of the Premises.

11. **CONSTRUCTION:** (a) Seller agrees that it will construct the Premises substantially in accordance with the plans and specifications for the same which are on file at the Seller's place of business (the "**Plans**"), the Rider hereto, if any, written change orders entered into by Buyer and Seller subsequent to the date hereof, if any, and specifications, if any, attached hereto. Seller expressly reserves the right to: (i) change or deviate from the Plans, including changes, reversals or other adjustments in the floor plan and room dimensions; (ii) substitute materials, components or labor; (iii) to substitute or change materials or brand names to those of similar color and similar or better quality or utility; and (iv) make such changes in construction as may be required by material shortages, strikes, stoppages, labor difficulties or such emergency situation, as may, in Seller's sole discretion, require that the same, provided that any such modifications and substitutions shall not materially adversely affect the value of the Premises. The model unit, if any, maintained by Seller may include nonstandard features and may not be relied upon as a model of what will be included in the Premises when completed. Seller shall not be liable, and the obligation of Buyer hereunder shall not in any manner be excused or varied, if construction shall be delayed or prevented by Force Majeure.

(b) When notified by Seller, Buyer shall make all color and material selections for the Premises among such samples and on such forms as Seller shall provide. If not currently installed in the Unit, Buyer may select standard colors for cabinets, countertops, hardwood flooring, wall and floor tile and carpeting from the color samples provided by Seller or Buyer may select upgraded finishes and colors from the Seller's provided selections, subject to a Change Order. If Buyer fails to make all or any standard selections or Change Order(s) selections within fifteen (15) days after Seller's notice, Seller is hereby authorized to complete the Premises as Seller may deem suitable. Seller does not assume any responsibility for grain variations in wood, marble or ceramic and carpet dye lot variations, or color variations from existing samples. Buyer acknowledges that wood and marble surfaces may have fine scratches, which may worsen with wear, and that same are specifically excluded from any warranty provided by the Seller. In order to control the overall design and appearance of the Building, Seller reserves the right to select the exterior colors and finishing materials for all of the Common Elements.

(c) Buyer shall not be permitted to employ any contractor or subcontractor or to have any materials furnished or work performed on the purchased Unit prior to the Closing Date other than through Seller.

(d) "**Substantial Completion**" shall include fully completed wall and floor surfaces; installed and operating appliances and mechanical systems; and installed hardware and cabinetry. When notified by Seller that the Premises are Substantially Completed, Buyer shall have the right to inspect the Premises with an authorized representative of Seller for the purpose of agreeing on a list of items (the "**Punch List**"), which items shall be corrected by Seller as soon as practicable following the Closing, subject to the availability of labor and materials, inclement weather or other

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circumstances beyond the reasonable control of the Seller, including without limitation, Buyer's lack of cooperation in providing access to the Unit or otherwise. Buyer's refusal to close under this Contract based upon: (i) Buyer's failure or refusal to make such inspection prior to closing, or (ii) Seller's failure to complete all items on the Punch List or any portion of exterior or common area work (e.g. landscaping, walks, driveways) not necessary or required for the reasonable use of and access to the Unit prior to the Closing Date shall constitute a default by Buyer hereunder. Seller reserves the right to charge Buyer for any of its carrying costs, in the form of a per diem charge as determined by Seller, in the event Buyer does not complete the Closing of this transaction on the scheduled Closing Date. Issuance of either a final or temporary Certificate of Occupancy from the Village of Skokie shall constitute conclusive evidence of Substantial Completion.

(e) For the purpose of completing the construction and sales promotion of the Units in the Condominium, Seller and its agents are hereby given full right and authority to place and maintain on, in and about the Condominium (excluding the Unit after closing) model units, sales and leasing offices, administrative offices, signs and lighting related to construction and sales promotion purposes, for such period of time, at such locations and in such forms as shall be determined by Seller in its sole and absolute discretion. Seller, its employees, agents contractors and prospective Buyers are also hereby given, for construction and sales promotion purposes, the right of entry upon, ingress to, egress from and other use of the Condominium (excluding the Unit after closing), and the right to restrict and regulate access to the common areas, as defined in the Declaration, (the "Common Area"), subject to Buyer's reasonable access to and from the Unit after closing, for the purposes of completing construction of the Common Areas and other Units in the Condominium.

12. **WARRANTY:** (a) At the Closing, Seller shall deliver to Buyer, and Buyer shall acknowledge receipt of, a Limited Warranty with respect to the Condominium in substantially the form of **Exhibit "B"** attached hereto and made a part hereof (the "**Condominium Home Buyer Warranty**").

(b) At closing Seller shall deliver to Buyer all manufacturers' warranties, if any, covering consumer products to be conveyed to Buyer hereunder; provided, however, that SELLER SHALL NOT BE DEEMED TO WARRANT ANY SUCH CONSUMER PRODUCTS, IN ANY WAY, EITHER EXPRESSED OR IMPLIED, OR TO ADOPT ANY SUCH MANUFACTURER'S WARRANTY.

EXCEPT AS EXPRESSLY SET FORTH IN THIS PARAGRAPH 12, SELLER HEREBY EXCLUDES AND DISCLAIMS ANY AND ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING BY WAY OF ILLUSTRATION AND NOT LIMITATION, WARRANTIES OF FITNESS FOR PARTICULAR PURPOSE, HABITABILITY AND MERCHANTABILITY.

THE LIMITED WARRANTIES CONTAINED HEREIN SHALL BE IN LIEU OF ANY OTHER WARRANTY WHETHER EXPRESSED OR IMPLIED, PROVIDED THAT IN THE EVENT ANY ITEM WARRANTED HEREIN IS DEEMED TO BE A CONSUMER PRODUCT UNDER THE MAGNUSON-MOSS WARRANTY-FEDERAL TRADE COMMISSION IMPROVEMENT ACT, THEN, AND ONLY IN THAT EVENT, A DISCLAIMER OF IMPLIED WARRANTY SHALL COMMENCE FROM AND AFTER THE EXPIRATION OF THE EXPRESSED WARRANTIES SET FORTH HEREIN.

(c) The decision to repair, replace or pay Buyer for defects covered by this warranty is solely within the discretion of Seller. Any efforts made by Seller to repair or replace defects shall not be deemed to extend the warranty term.

13. **SURVEY AND INSURANCE CERTIFICATE:** On the Closing Date Seller shall deliver to Buyer if requested, a copy of those pages of the survey attached to the Declaration locating the Premises and the improvements on the parcel and an insurance certificate disclosing the type and amount of insurance in force.

14. **RESERVES:** In consideration for Seller's payment of common operating expenses for this and all other Units from and after Closing until the commencement of collection of monthly assessments, Buyer agrees to deposit with the Unit Owner's Association, at Closing, an amount equal to two months assessments based upon Seller's initial estimated operating budget. Such deposits shall be required from each Buyer; the aggregate of said deposits shall be used to create a reserve fund for capital repairs or improvements for the benefit of the Association. Buyer acknowledges that Seller's payment of common operating expenses for this and all other Units will not include reserve contributions, which are being funded by the deposits described herein.

15. **BROKER:** Buyer warrants that no broker, salesperson, or any other party was instrumental in submitting, showing or selling the Premises to Buyer, except Seller's Listing Agent, if any, and any cooperating broker identified in a Cooperating Broker Rider attached to this Contract.

17. **EXTRAS: EXTRAS, UPGRADES OR CHANGES:** If, after execution of this agreement, the Buyer requests a change to the floor plan of the Unit (the "Floor Plan"), the Personal Property or the Plans, such request shall be submitted in writing and shall be subject to Seller's written approval, which approval may be withheld in the sole discretion of the Seller. If such change is approved by Seller, Buyer and Seller, or Seller's authorized representative, shall execute a written agreement regarding the nature of the change and the amount of any additional charge or credit therefore (the "Change Order"). The Purchase Price shall be thereby adjusted by the amount of any such extra or credit item(s). At the time of signing any Change Order, or immediately upon receipt of an invoice presented to Buyer from Seller, Buyer shall pay to Seller fifty percent (50%) of the cost of any extras or change items. Seller shall not be obligated to begin construction or place any orders for additional or replacement materials unless Buyer has paid Seller the amount due reflected on the Change Order. A minimum fee of \$100.00 shall be charged to Buyer for all requested Change Orders. Any amounts paid by Buyer pursuant to the Change Order(s) shall not be refundable for any reason, shall not constitute Earnest Money, shall not be held in an escrow account, and no interest shall be paid thereon to Buyer. NEITHER SELLER NOR ANY EMPLOYEE, AGENT OR REPRESENTATIVE OF SELLER HAS THE AUTHORITY TO AGREE TO OR COMPLY WITH A VERBAL REQUEST BY BUYER FOR A CREDIT, EXTRA OR ANY OTHER CHANGE APPLICABLE TO THE UNIT OR THE PREMISES, PERSONAL PROPERTY, OR

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PLANS OR SPECIFICATIONS THEREFORE. Buyer shall receive a credit at Closing reflecting any funds deposited in accordance with this provision. Seller shall not be required to accept any change orders requested by Buyer after the date hereof. In the event of Buyer's default of the Contract, any amounts paid or payable hereunder shall be paid to Seller pursuant to Paragraph 8 hereinabove.

18. **SELLER CONTINGENCY:** Seller's obligations hereunder are contingent upon Seller procuring fifteen (16) valid Sales Contracts for units in Rainbo Village Phase II Condominiums on or before December 1st, 2004. In the event the foregoing contingency is not met, at the Seller's option, Seller may terminate this Contract by written notice to Buyer, in which event the Earnest Money, and any interest earned thereon, shall be refunded to Buyer and this Contract shall be deemed null and void with neither party having any further rights or liability hereunder.

19. **MISCELLANEOUS:** (a) All notices and demands required hereunder shall be made in writing and the mailing of notice by first class registered, certified, overnight mail, courier delivery or facsimile transmission with a copy by regular first class mail to the Seller or Buyer at the addresses given in this Contract shall be sufficient.

(b) Time is of the essence of this Contract.

(c) No representations, warranties, undertakings, or promises other than those expressed herein, whether oral, implied, written or otherwise shall be considered a part of this transaction. All agreements and covenants contained herein shall be binding upon and inure to the benefit of the heirs, executors administrators, and assigns of the parties hereto. Any assignment of Buyer's rights under this Contract is prohibited without Seller's express written consent.

(d) If, prior to Closing, the Unit or a material portion of the Premises required for reasonable access to the Unit shall be destroyed damaged by fire or other casualty, this Contract shall, at the option of Seller, exercised by notice to Buyer within thirty (30) days after such destruction or damage, be terminated and thereafter deemed null and void without further liability of either Seller or Buyer and the Earnest Money shall be promptly refunded to Buyer. If Seller does not elect to so terminate this Contract, then Buyer shall not be relieved of its obligations hereunder unless the damage to the Unit or the Condominium is "material" in nature (constituting "material damage" as defined below) and is not repaired within four (4) months from the date of said fire or other casualty, in which event Buyer shall have the right to terminate this Contract by notice to Seller within ten (10) days after the expiration of such four (4) month period. For purposes of this provision, "material damage" shall be defined as damage requiring more than \$100,000 to repair.

(e) Seller and Buyer shall comply with all of Buyer's lender's requirements for disclosure under the Real Estate Settlement Procedures Act of 1974, as amended.

(f) Until such time as the Unit Owners elect their first Board of Directors of the Association, as provided in the Declaration, Seller shall have the right to enter into or cause the Association to enter into contracts or leases for such period of time and upon such reasonable terms as it shall deem advisable, subject to the limitations imposed by the Declaration and Act, to provide the Condominium and Unit Owners with all necessary or convenient services, including but not limited to, management, landscaping, custodial, insurance, snow removal, and scavenger service. If Seller pays for any such services or advances any funds to the Association for such purposes, Seller shall be entitled to reimbursement for such amounts from the Association.

(g) If Buyer consists of more than one person or entity, each such person or entity shall be jointly and severally liable for the obligations of Buyer under this Contract. Any notice required or permitted hereunder given by Seller to any one of the parties constituting the Buyer or given by any one of the parties constituting the Buyer to Seller, shall, for all purposes hereunder, be deemed sufficient service of notice and shall be binding, jointly and severally, upon such parties constituting Buyer.

(h) The invalidity, illegality or unenforceability of any agreement, restriction, condition, reservation or any other provision of this Contract, in its entirety or as applied to particular circumstances, shall not in any way affect in any manner the validity, legality, enforceability or effect thereof as otherwise applied to the remainder of this Contract.

(i) The submission by Seller of this Contract to a prospective Buyer for examination does not constitute an offer by Seller to Seller, or a reservation of or option for any Unit in the Condominium. This Contract shall not become a Contract until executed and delivered by both Buyer and Seller.

(j) The liability of Seller under this Contract or any amendment or any instrument or document executed in connection with this Contract shall be limited to and enforceable solely against the interest of Seller in the Condominium, and not against any other assets of Seller or any partner, officer, director, member, manager, employee or shareholder of Seller. Without limiting the foregoing no members or managers of Seller shall have any personal liability arising from or in connection with this Contract.

NOTICE

(1) THIS CONTRACT SHALL BE CONSTRUED AS A SALE OF REAL ESTATE TO BUYER AND BUYER REPRESENTS THAT BUYER IS PURCHASING THE REAL ESTATE FOR BUYER'S PERSONAL USE.

(2) THIS CONTRACT MAY NOT BE DETERMINED TO BE A SECURITY, RIGHT TO A COMMODITY, INVESTMENT OR ANYTHING OTHER THAN A RIGHT TO ACQUIRE REAL ESTATE.

(3) THIS CONTRACT MAY NOT BE ASSIGNED WITHOUT SELLER'S EXPRESS WRITTEN CONSENT.

(4) BUYER MUST COMPLETE THE CLOSING OF THIS TRANSACTION ON THE DATE DESIGNATED IN THIS CONTRACT BY SELLER IN ACCORDANCE WITH THE TERMS SPECIFIED HEREIN.

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(5) BUYER MAY NOT MARKET THE UNIT FOR RESALE PRIOR TO THE TIME OF THE CLOSING OF THIS TRANSACTION WITHOUT SELLER'S EXPRESS WRITTEN CONSENT.

20. **RECEIPT:** Buyer has received the Property Report for The Rainbo village Phase II Condominiums which includes an estimate of monthly expenses for the Premises, the proposed first year's budget for the Condominium Association, a floor plan for the Premises, the proposed Declaration and By-Laws for The Rainbo Village Phase II Condominiums, collectively referred to as the "Condominium Documents". Seller reserves the right to amend the Condominium Documents prior to Closing in its sole and absolute discretion, to the extent permitted by the Act and applicable municipal code.

If Buyer has not been provided with the Property Report as of date hereof, the Seller will agree that the Buyer shall have five (5) business days to review the Property Report after receipt. If Buyer does not approve of the Property Report, the Buyer shall provide Seller with written notice of Buyer's disapproval within the five (5) business day time period. In the event written notice of disapproval is not received within said five (5) business day time period, then it shall be conclusively presumed that the Buyer has approved of the Property Report and the Contract shall be in full force and effect.

21. **NO RECORDING OR LIS PENDENS:** The Parties hereto agree that neither this Agreement nor any memorandum of notice hereof shall be recorded and Buyer agrees not to file any Lis Pendens or other instrument against the Premises in connection herewith. In furtherance of the foregoing, Buyer (i) agrees that Buyer is adequately protected for any claim that Buyer may have against Seller pursuant to the provisions hereof that govern a default hereunder by Seller, and (ii) hereby indemnifies Seller from and against any liabilities, damages, losses, costs or expenses (including, without limitation, reasonable attorney's fees and costs incurred in the enforcement of the foregoing indemnification obligation) arising out of the breach by Buyer of any of its obligations under this Section

22. **ADDITIONAL TERMS:** (Insert additional page(s) if necessary.)

DATED THIS _____ DAY OF _____, _____

BUYER:

(Signature)

(Print Name)

SOCIAL SECURITY # _____

BUYER:

(Signature)

(Print Name)

SOCIAL SECURITY # _____

HOME ADDRESS: _____

OFFICE ADDRESS: _____

HOME TELEPHONE: _____

OFFICE TELEPHONE: _____

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ACCEPTED THIS ____ DAY OF _____, _____.
(the "Acceptance Date")

SELLER:

Rainbo Homes II, LLC,
an Illinois Limited Liability Company

By: _____
(Signature)

(Print Name)

Its: Authorized Agent

103003

EXHIBIT "A"

LEGAL DESCRIPTION

(To be inserted prior to closing.)

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EXHIBIT "B"

Condominium Home Buyer Warranty

(Attached hereto)

Property of Cook County Clerk's Office